

Message Text

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11

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 FEA-02 OMB-01 SWF-02 AF-10 ARA-16 EA-11 DRC-01

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJ: INTERNATIONAL DISCIPLINE FOR SHORT SUPPLY ACTIONS

REF: STATE 74777

SUMMARY: SUBJECT WAS DISCUSSED APRIL 16 WITH CEMIL SEVIN,
DIRECTOR GENERAL, IMPORTS DEPARTMENT MINISTRY OF COMMERCE.
SEVIN WAS VERY POSITIVE IN HIS VIEWS CONCERNING THE NEED TO
ESTABLISH AN INTERNATIONAL BODY DEALING WITH QUESTIONS OF SUPPLY
OUTSIDE OF UN AS WELL AS THE NEED FOR GUIDELINES GOVERNING USE
OF EXPORT CONTROLS AND RESTRAINTS, PARTICULARLY THOSE SUBJECT
TO CHANGE DURING PERIODS OF VALID CONTRACTS. SEVIN HAS BEEN
FOLLOWING PRESENT UN SPECIAL SESSION IN DETAIL AND EXPRESSED HIS
SINCERE REGRET ABOUT THE FAILURE OF THE TURKISH DELEGATION TO
INCLUDE EXPERTS FROM HIS MINISTRY. END SUMMARY.

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1. SEVIN TOUCHED UPON THE PROCEDURES WHICH GOVERN TURKEY'S RESTRAINTS BOTH WITH RESPECT TO IMPORTS AND EXPORTS, AND HE SAID THAT TURKEY'S SYSTEM WAS QUIET FAIR. IN ESSENCE, THE MINISTRY OF COMMERCE ANNUALLY SETS AN IMPORT PROGRAM, AND ALL IMPORTS REQUIRE A LICENSE APPROVED BY THE MINISTRY AND ISSUED BY THE CENTRAL BANK AS A MEANS OF EXCHANGE CONTROL. TURKEY ALSO REGULATES EXPORTS THROUGH A COMPLEX SYSTEM OF LICENSES, REGISTRATION, FOREIGN EXCHANGE, AND PRICE CONTROLS.

2. SEVIN'S RESPONSES TO THE SPECIFIC QUESTIONS IN THE REFERENCED TELEGRAM FOLLOW THE SAME NUMERATION.

(A) TURKEY HAS A SERIOUS PROBLEM WITH OIL AS THE RESULT OF IRAQ'S FAILURE TO ABIDE BY THE TERMS OF AN EXISTING THREE-YEAR CONTRACT. HE ALSO CITED, NOT SO MUCH FOR TURKEY AS FOR OTHER COUNTRIES, THE SUDDEN U.S. CESSATION OF THE EXPORT OF SOME AGRICULTURAL COMMODITIES LAST YEAR. HE MENTIONED BOTH CASES AS EXAMPLES FOR WHICH THERE ARE NO QUICK REDRESS OF JUST GRIEVANCES RESULTING FROM THE FAILURE OF NATIONS TO ABIDE BY VALID CONTRACTS. HE THOUGHT THAT AN INTERNATIONAL INSTITUTION SPECIALIZING IN THESE PROBLEMS WAS A NECESSITY.

(B) GUIDELINES AND PROCEDURES SHOULD BE ESTABLISHED BY INTERNATIONAL AGREEMENT, SUCH AS IS PRESENTLY DONE IN THE TARIFF FIELD. GOVERNMENTS WOULD THEN BE OBLIGED TO FOLLOW SUCH AGREEMENTS AND, AS APPROPRIATE, TO MAKE CERTAIN THAT THE PUBLIC AND PRIVATE SECTORS IN THEIR COUNTRIES ABIDE BY SUCH AGREEMENTS. BOTH SHORT-TERM CONTRACTS (ONE YEAR) AND LONG-TERM ONES (THREE TO FIVE YEARS) SHOULD BE ENFORCED.

(C) SUFFICIENT FLEXIBILITY SHOULD BE INCORPORATED INTO SUCH AGREEMENTS TO PERMIT NATIONS TO IMPOSE RESTRAINTS IN EMERGENCIES; E.G., WHEN A CRITICAL SHORTAGE OF EDIBLES IS IMMINENT AND WHEN A LACK OF A MATERIAL THREATENS TO STOP INDUSTRIAL PRODUCTION.

(D) SAME AS ABOVE. ALSO, RESTRAINTS SHOULD BE PERMITTED UNDER INTERNATIONAL AGREEMENT WHEN NATURAL DISASTERS HIT A COUNTRY OR WHEN DOMESTIC OR INTERNATIONAL SPECULATION THREATENS THE SUPPLY OR PRICE OF A COMMODITY.
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(E) SEVIN SUGGESTED THAT IN THIS REGARD GATT'S HAND SHOULD BE STRENGTHENED AND THAT HIS SUGGESTED INTERNATIONAL ORGANIZATION SHOULD BE PERMITTED TO UNDERTAKE COUNTERACTION BY MULTILATERAL AGREEMENT. HE CITED IN THIS INSTANCE JAPAN'S CORNERING OF THE AUSTRALIAN WOOL MARKET.

(F) THESE SHOULD BE SUBJECT TO INTERNATIONAL CONDITIONS AND

CONSIDERATIONS, BUT SEVIN WOULD NOT MENTION SPECIFIC ONES. HE

THOUGHT THESE SHOULD ALSO BE SUBJECT TO INTERNATIONAL AGREEMENT.

(G) AN INTERNATIONAL ORGANIZATION WOULD BE USEFUL HERE; AND
IF DISPUTES COULD NOT BE SETTLED, PERHAPS THE ORGANIZATION WOULD
BE INSTRUMENTAL IN ASSISTING THE INJURED PARTY IN FINDING
ALTERNATE SOURCES.

(H) AN INTERNATIONAL ORGANIZATION COULD BE DEVELOPED, NOT
ONLY FOR CONSULTATION PURPOSES BUT FOR THE PROGRAMMING AND
PLANNING OF THE DISTRIBUTION OF ITEMS IN SCARCE SUPPLY; THE
ORGANIZATION COULD ALSO BE USEFUL IN THE SEARCH FOR ALTERNATIVE
SOURCE OF SUPPLY AND SUBSTITUTE PRODUCTS.

(I) SEVIN STATED THAT GATT WAS ESSENTIALLY AN ORGANIZATION
DEALING WITH ACCESS TO MARKETS, AND AN ORGANIZATION DEALING
WITH ACCESS TO SUPPLIES IS NEEDED NOW. NEVERTHELESS, HE SAID
THAT GATT'S PROVISIONS RELATING TO EXPORT CONTROL SHOULD ALSO
BE STRENGTHENED.

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